



# Managing to the Acquisition Program Baseline

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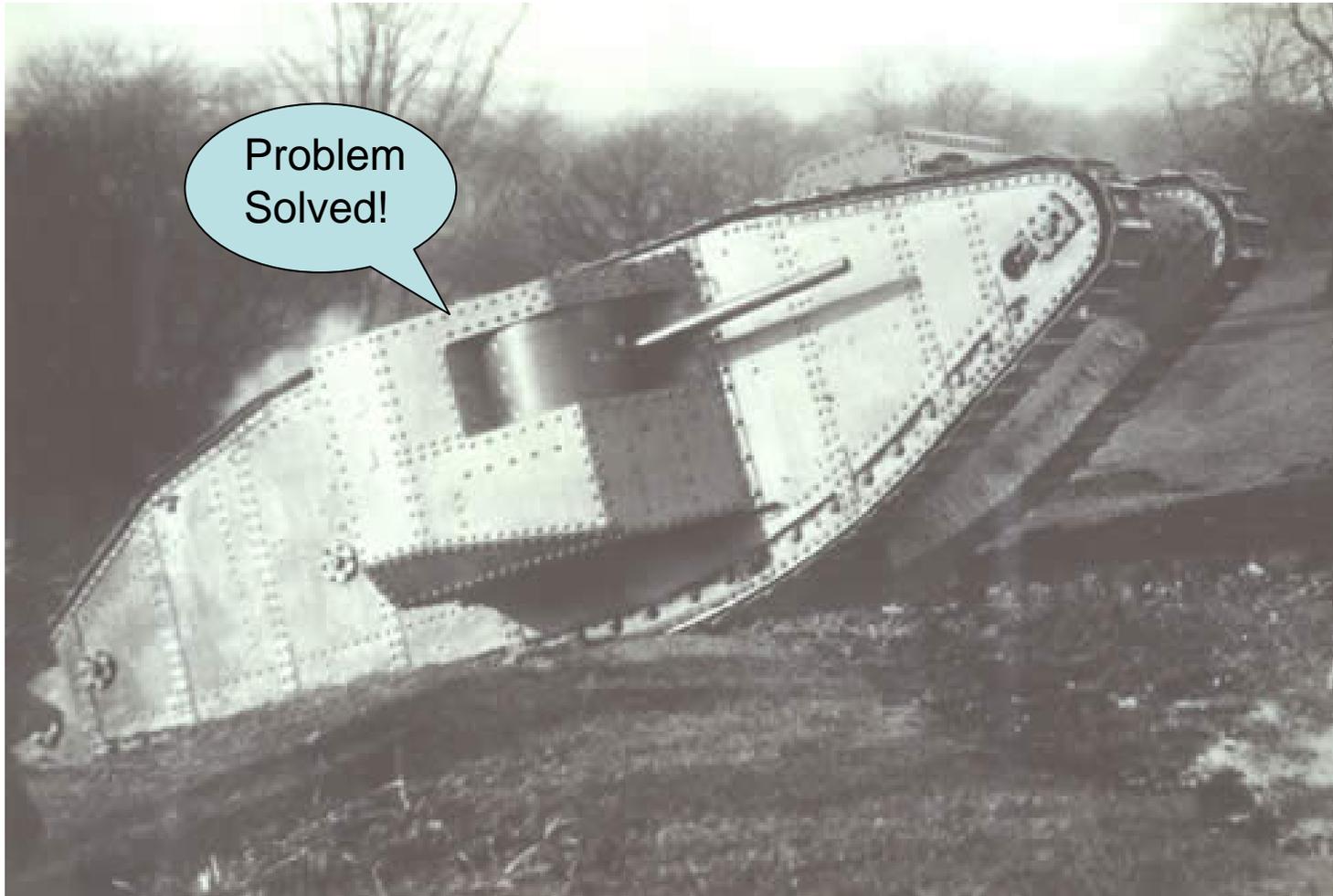
# What is an APB?

- **A contract between the Program Manager and the Milestone Decision Authority.**
- **Documents the programs lifecycle (not acquisition phase).**
  - **Documents program cost, schedule & performance goals, in the form of Objectives & Thresholds.**
  - **Provides critical reference point for measuring program status.**
  - **Establishes deviation limits (thresholds) beyond which a PM may not trade off cost, schedule, and performance without authorization from the MDA.**
  - **Covers what materiel will be procured (Procurement Objective vs. Requirements Objective).**

# Time for a Change in Doctrine

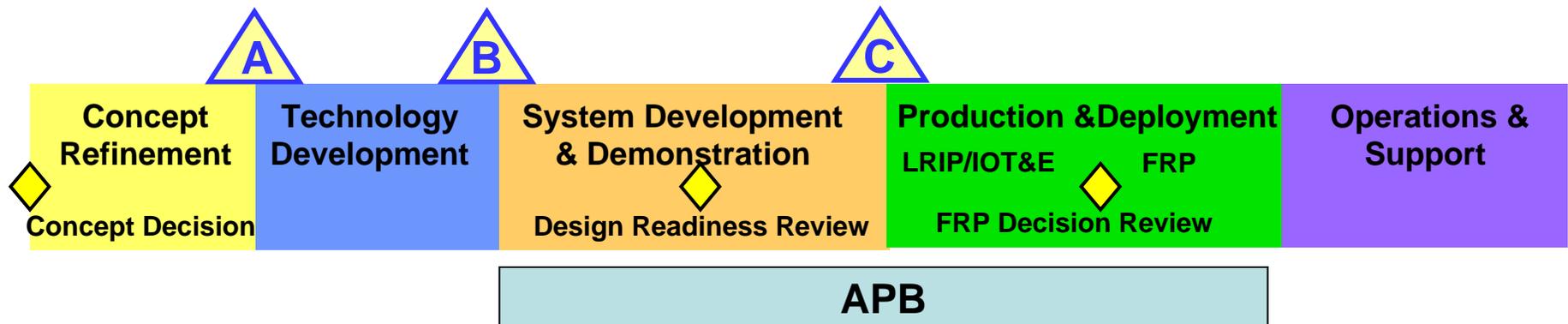


# Or a Materiel Solution!

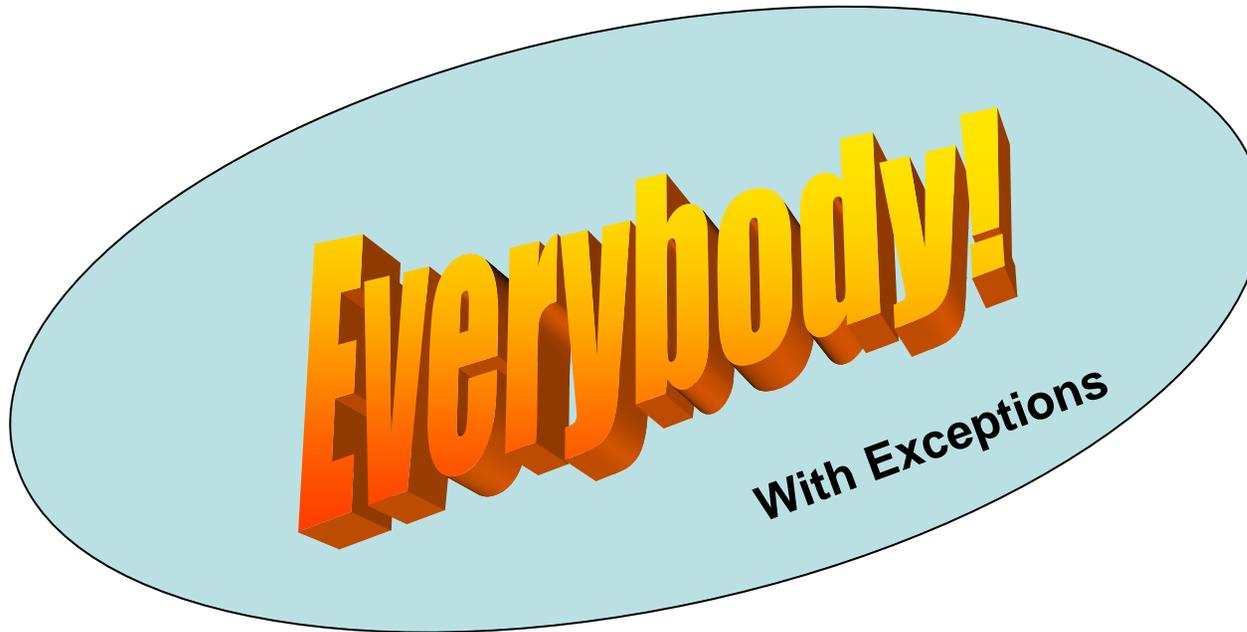


# When Do We Need an APB?

- Established at Program Initiation
- In preparation for each lifecycle milestone decision
- When the PM's Current Estimate falls outside the approved threshold
- In the event of a program restructure
- The APB is not on a regular reporting cycle – only updated when necessary.



# Who Needs to do an APB?



**That is, all ACAT programs, I, II and III, all services.**

**Exceptions:**

- **ATD/ACTD (JCTD)**
- **Pre MS B programs (except shipbuilding)**
- **Projects/Products**
- **Basket Programs**
- **COTS/Rapid Fielding Initiatives**

# Why do we need an APB?

- Required by 10 USC 2435 and 10 USC 2220.
- DoD Directives 5000.1 and DoD 5000.2 provide the policies and procedures for developing an APB and reporting breaches.
- Required for a successful Milestone Decision.
- Authorizes contract award/obligation of funds.
- Used to track unit cost.



How's it  
Going?



# One of the big 3

- TEMP
- PPP
- IMS
- CDD/ORD
- Clinger/Cohen
- C4ISP
- PESHE
- Cost Estimates
- CARD
- Live-Fire Plan
- Log Analysis
- STAR
- Affordability Est.
- Tech Assessment
- Etc.

**APB**

**ASR**

**ADM**



# How do we Manage it?

- **APBs evolve from broad parameters to more detailed and specific values as a program progresses thru its major milestones.**
- **For each acquisition phase, the APB will contain only the most important cost, schedule, and performance parameters.**
- **The APB is updated at major milestones or program restructure or in response to a threshold deviation (breach).**

# PERFORMANCE

- Include the minimum numbers of parameters necessary to characterize the major drivers of operational effectiveness and suitability, schedule, technical progress and cost.
- Capabilities Document (ICD, CDD, or CPD) sets the objectives and thresholds for Key Performance Parameters.

	Dev APB 1/30/1998		APB Chg 1 2/1/2000	
	<u>Objective</u>	<u>Threshold</u>	<u>Objective</u>	<u>Threshold</u>
Wing Span (ft)	30.81	30.81		
Length (ft)	39.26	39.26		
Height (ft)	13.42	13.92		
Flight Weight (lbs)	12758	13470	13275	14000
Endurance @ 5000 ft (lb/hr)	964	1090	1130	1160
Specific Range @ 30,000 ft (nm/lb)	.39	.34	.33	.32



# SCHEDULE

- Shall include program initiation, major milestone decision points, IOC, and any other critical system events.
- If a schedule threshold value is not specified, it is the objective value plus six months for ACAT I programs.

• <u>Milestone</u>	Development APB		Change 1	
	Objective	Threshold	Objective	Threshold
• Milestone B	DEC 96	JUN 97	MAR 97	MAR 97
• DRR	JAN 99	JUL 99	JAN 00	JUL 00
• LUT #1	JAN 98	JUL 98	MAR 00	SEP 00
• Milestone C	JUN 98	DEC 98	JUL 00	JAN 01
• IOTE	DEC 98	JUN 99	JAN 01	JUL 01
• IOC	MAY 99	NOV 99	FEB 01	AUG 01
• FRP IPR	NOV 99	MAY 00	AUG 01	FEB 02

# COST

- RDT&E, procurement, military construction, acquisition related O&M, O&S, total quantity, average procurement unit cost, program acquisition unit cost, O&S.
- Cost threshold values are the objective value plus 10 percent by default.

<u>Base Year \$M (FY 98)</u>	<u>Dev APB</u> 1/30/1998		<u>APB Chg 1</u> 2/1/2000	
	<u>Objective</u>	<u>Threshold</u>	<u>Objective</u>	<u>Threshold</u>
RDT&E	129.8	155.8	145.4	174.5
Procurement	3128.1	3440.9	3645.1	4009.6
MILCON			328.4	361.2
Total Acquisition Cost	3257.9		4118.9	
O&S Cost	9567.1		9797.5	
Total Lifecycle Cost	12825.0		13916.4	
Avg Procurement Unit Cost	312.8	344.0	365.0	401.5
Program Acq Unit Cost	325.8	358.4	411.9	453.1
Quantity	10		10	

# Current Challenges

- Acceleration of Programs
- Spiraling out Mature Capabilities
- How to Baseline Sustainment Phase
- Families of Systems
- Baseline Software-Intensive Systems
- Lifecycle Cost Accountability
- Acq Streamlining vs. Bureaucracy

# Business Managers' Take-aways

- Your program's APB will breach sooner or later.
- Aim for the Service milestone (not the DAB or ITAB).
- Only key parameters go in the APB.
- Be a reality check for your PM.
- Work with HQ early rather than later in assembling your program's documentation.

# **SUMMARY**

- APBs summarize WHAT a program will do, WHEN major events will occur, and HOW MUCH a program will cost.**
- APBs are high-visibility management documents.**
- APBs provide program status to decision makers.**